

ACCOMMODATION | TOTAL ACCOMMODATION SECTOR

NEW ZEALAND | SERIES A6 | MAY 2007



INTRODUCING THE ACCOMMODATION SECTOR

International and domestic visitors use a range of accommodation in their travel, with 48% of visitor nights spent in private homes, 40% in mainstream commercial accommodation and 12% in other accommodation (student hostels, rented, DOC huts etc.).

This report covers the total mainstream commercial accommodation sector in New Zealand, including hotels, motels, backpackers, hosted and holiday parks. This sector comprises over 3,800 establishments which together host approximately 32 million guest nights and employ over 32,000 people per year.

These establishments provide accommodation for short-term overnight stays. The establishments referred to in this report include primarily those that are GST registered, with a turnover of at least \$30,000 per annum. Some small operators that earn below the threshold or are not GST registered are not covered by these official statistics¹. The hosted sector that comprises many small operators is significantly underrepresented here.

This report provides an overview of the accommodation sector covering various supply, demand and user characteristics.

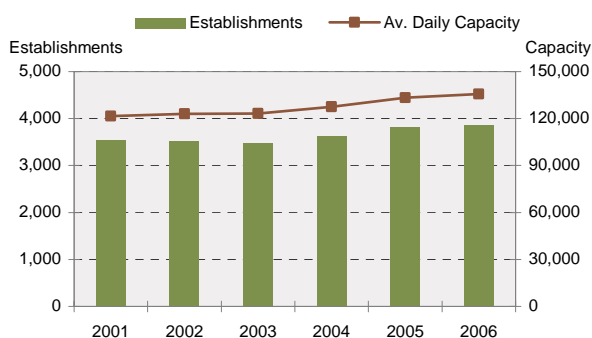
SUPPLY OF ACCOMMODATION

How big is the accommodation sector?

In 2006, there were 3,852 accommodation establishments in New Zealand, an increase of 316 or 8.9% from 3,536 in 2001 (Figure 1).

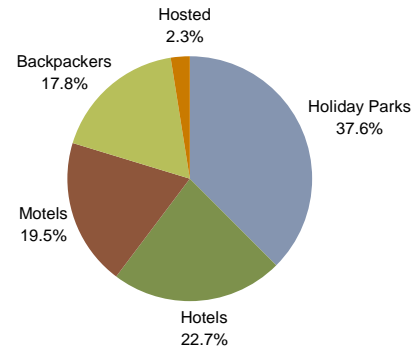
The total accommodation capacity (available rooms or 'stay units') has increased steadily from 121,500 in 2001 to 135,700 in 2006. This is an increase of 14,200 stay units or 11.8% over the period.

Figure 1: Accommodation Establishments and Capacity, 2006¹



Amongst the different accommodation establishments, holiday parks supply the largest share of capacity at 37.6%, followed by hotels (22.7%), motels (19.5%), backpackers (17.8%) and hosted accommodation (2.3%) (Figure 2).

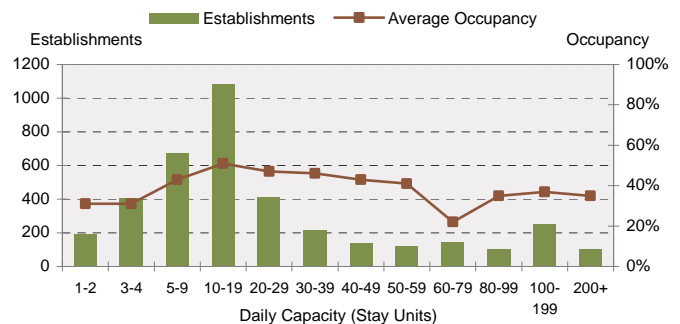
Figure 2: Share of Accommodation Capacity, 2006¹



What is the distribution of establishments by capacity?

The majority of accommodation establishments (70%) have between 3 and 29 stay units available each night. A further 28% have 30 or more rooms. Only 5% have 1 to 2 rooms (Figure 3). In 2006, 28% of establishments with 10 to 19 rooms experienced the highest occupancy at 51% compared with 31% for those with only one or two rooms.

Figure 3: Accommodation Establishments and Occupancy Rates by Capacity, December 2006¹



How many people does the accommodation sector employ?

The accommodation sector employed 32,450 people in February 2006. A large number of establishments (2,082 or 44%) are run by self-employed operators without employees. A further 30% (1,417) employ 1-5 staff, 11% 6-9 staff, 8% 10-19 staff and 5% 20-49 staff. Businesses employing more than 50 staff account for only 1% of accommodation establishments (Figure 4).

Establishments with 20 or more staff employ 39% of employees, though they account for only 6% of establishments. The average number of people employed by an establishment has decreased slightly from 7.6 in 2001 to 7.0 in 2006.

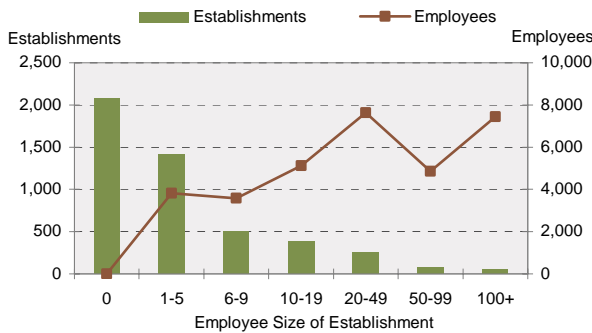


The Ministry of Tourism
 Telephone: (04) 498 7440
 Email: info@tourism.govt.nz
 www.tourismresearch.govt.nz



ACCOMMODATION | TOTAL ACCOMMODATION SECTOR

Figure 4: Accommodation Establishments and Employees by Employment Size, February 2006¹⁵

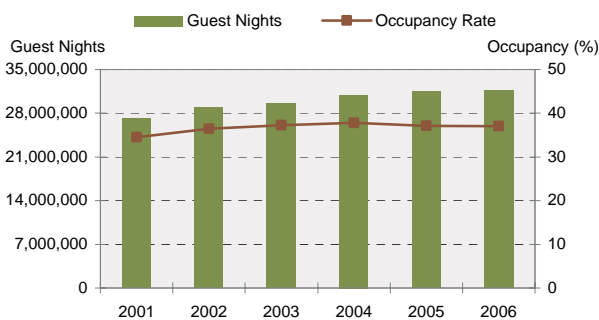


DEMAND FOR ACCOMMODATION

How many guest nights are spent in commercial accommodation each year?

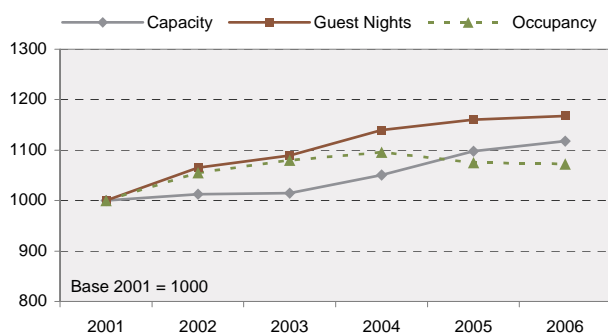
In 2006, 31.7 million guest nights were recorded for commercial accommodation, up from 27.1 million in 2001 (Figure 5). This was an increase of 16.8% or 4.6 million guest nights over this period with an average annual growth rate of 3.2%.

Figure 5: Accommodation Guest Nights and Occupancy^{*1}



In the same year, the average accommodation occupancy rate was 37.0%, up from 34.5% in 2001 but down from 37.8% in 2004. The drop in 2005 was caused by a greater increase in capacity than in guest nights, as shown by the indices in Figure 6.

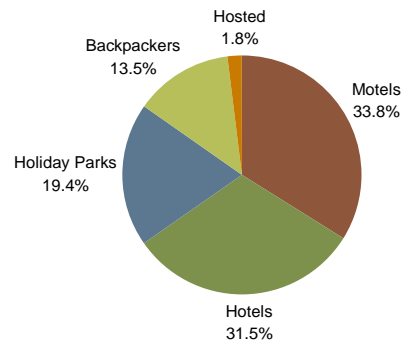
Figure 6: Accommodation Indices: Relative Growth in Capacity, Guest Nights and Occupancy^{*1}



What is the market share of guest nights by accommodation type?

Motels provide 33.8% of all guest nights, more than any other form of accommodation. A further 31.5% of guest nights are hosted by hotels, 19.4% by holiday parks, 13.5% by backpackers and 1.8% by hosted accommodation (Figure 7).

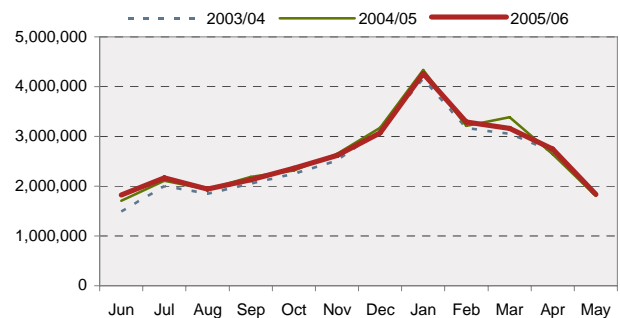
Figure 7: Share of Guest Nights by Accommodation Type^{*1}



What seasonality does the accommodation sector experience?

The period of higher demand for accommodation is from October to April and lower demand from May to September. Figure 8 shows how this pattern of seasonality has been consistent over the last three years.

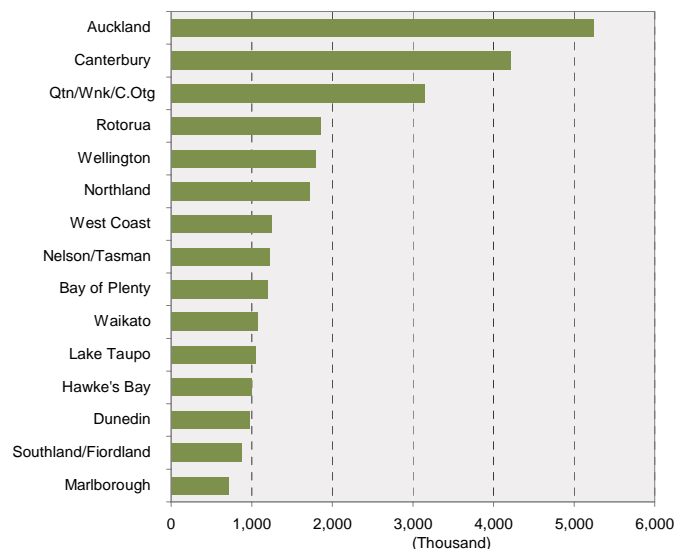
Figure 8: Accommodation Guest Nights by Month^{*1}



How is demand for guest nights spread among the regions?

The Auckland and Canterbury Regional Tourism Organisation (RTO) regions attract the highest number of accommodation guest nights reflecting their large populations and key international gateways. In 2006, Auckland hosted 17% (5.2 million) of guest nights and Canterbury 13% (4.2 million) of guest nights. The top 15 regions hosted 86% of total guest nights (Figure 9).

Figure 9: Accommodation Guest Nights by RTO, 2006^{*1}



ACCOMMODATION | TOTAL ACCOMMODATION SECTOR

How long do guests stay in an accommodation establishment?

Guests stay an average of 1.86 nights in each establishment. This length of stay has decreased slightly over the last five years from 1.88 nights in 2001.

Length of stay in an establishment varies across regions. Guests stayed longer than average in the Bay of Plenty (2.32 nights) and Queenstown/ Wanaka/Central Otago (2.21 nights). The shortest stay was in the West Coast region (1.35 nights) (Table 2).

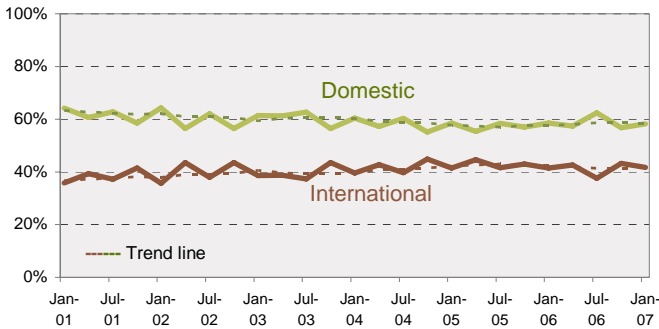
CHARACTERISTICS OF TRAVELLERS STAYING IN COMMERCIAL ACCOMMODATION

Where do accommodation guests come from?

In recent years New Zealanders represented 59% of guests staying in commercial accommodation while the other 41% were international visitors. The proportion of international visitors has increased from 38% in 2001 and the domestic proportion decreased from 62%. Proportions vary seasonally with the international share being highest in Apr/Oct (43%) and lowest in July (38%). Conversely, the domestic share is lowest in Apr/Oct (57%) and highest in July (62%) (Figure 10).

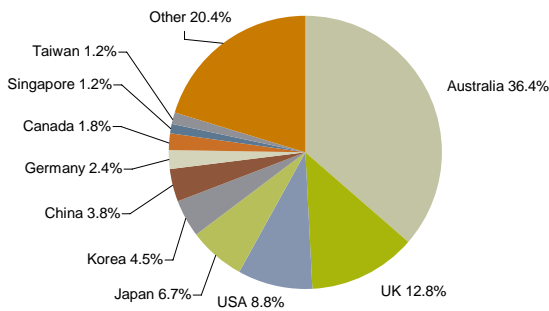
Generally, more international guests stay in hotels, backpackers and hosted accommodation, while more domestic guests utilise motels and holiday parks.

Figure 10: Proportion of Guest Nights by Origin and Month*1



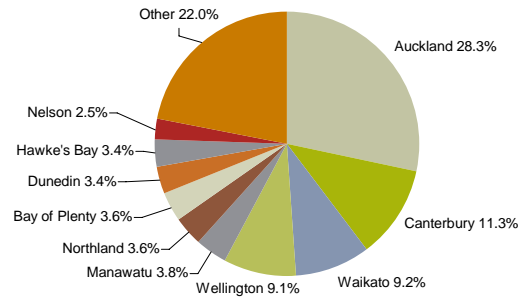
Of the international visitors staying in commercial accommodation, the largest group are Australians representing 36.4% in 2005, followed by visitors from the United Kingdom (12.8%), the United States (8.8%) and Japan (6.7%) (Figure 11).

Figure 11: Origins of International Visitors Staying in Commercial Accommodation 2005*2



Fifty eight percent of domestic visitors staying in commercial accommodation come from the main population regions of Auckland, Canterbury, Wellington and Waikato (Figure 12).

Figure 12: Origin of Domestic Visitors Staying in Commercial Accommodation 2005*3

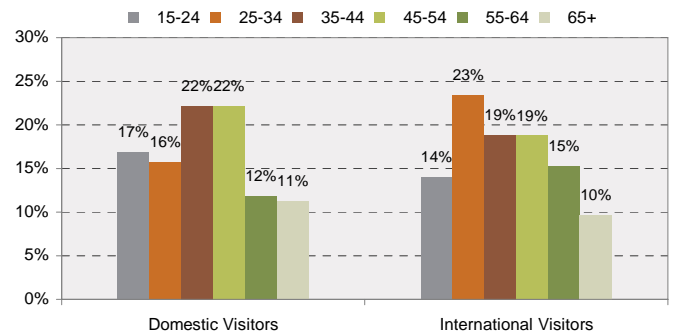


What is age-sex profile of accommodation guests?

International guests in 2005 comprised 52% males and 48% females, while there are similar numbers of male and female domestic guests.

Accommodation users are spread across age groups. Of note however is a high proportion of domestic visitors in the 35-54 age groups as well as a high proportion of international visitors in the 25-34 age group (Figure 13).

Figure 13: Accommodation Visitors by Age 2005*2*3

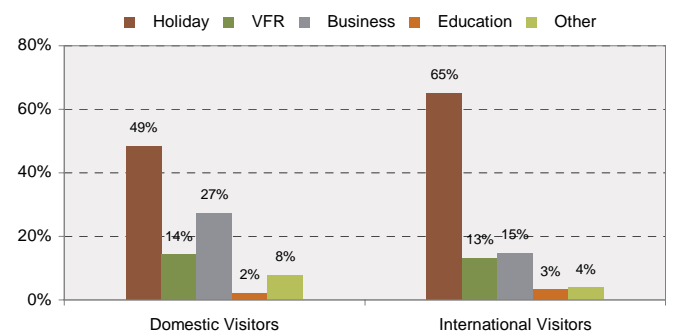


What are the main purposes of travel of guests?

Sixty five percent of international visitors staying in commercial accommodation are on holiday, followed by 15% on business, 13% visiting friends and relatives, and 7% travelling for other reasons (Figure 14).

Similarly, 49% of domestic travellers staying in commercial accommodation are on holiday, 27% on business, 14% visiting friends and relatives, and 10% travelling for other reasons.

Figure 14: Commercial Accommodation Visitors by Purpose of Travel 2005*2*3



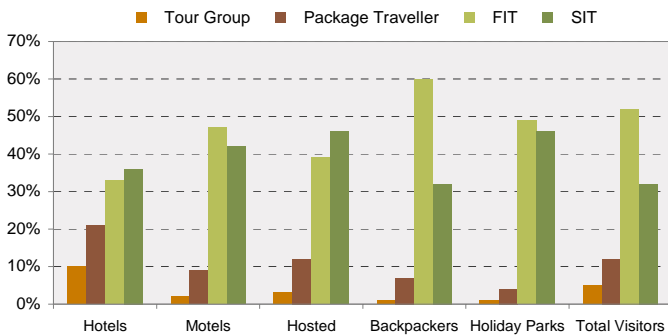
ACCOMMODATION | TOTAL ACCOMMODATION SECTOR

What are the travel styles of international guests?

The majority of New Zealand's international visitors are either fully independent travellers (FIT) or semi-independent travellers (SIT). Accordingly, these two groups make up 84% of the visitors staying in commercial accommodation. Package travellers and tour groups represent 12% and 5% of accommodation guests respectively.

Different accommodation types attract different types of travellers. Hotels attract a higher proportion of tour or package groups and backpackers attract a particularly large proportion of free independent travellers (Figure 15).

Figure 15: Travel Style of International Visitors within each Accommodation Type, 2005²

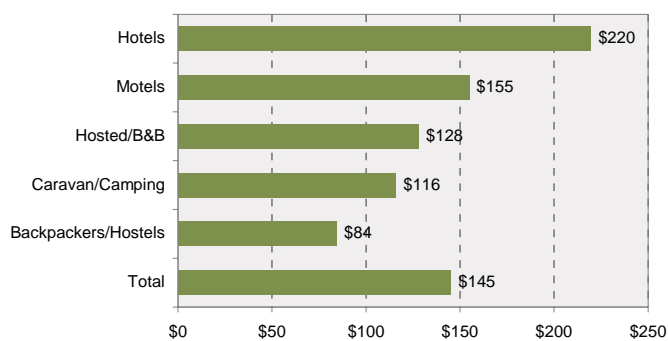


FIT: made all NZ travel purchases after arrival (e.g. dom. airfares, lodging, activities etc.)
SIT: made at least one travel associated purchase before arrival in NZ

How much do international guests spend?

In 2005, guests spent an average of \$145 a night on all trip expenses such as accommodation, transportation, meals etc. Guests staying in hotels spent the most per night at \$220 with those staying in backpackers spending the least at \$84 (Figure 16).

Figure 16: Average Spend per Night in NZ by International Guests, 2005²



How satisfied are visitors with their stay?

The majority of international and domestic visitors are satisfied with their accommodation experience. International guests are, on average, slightly more satisfied than domestic guests. Satisfaction levels do vary across accommodation types with serviced apartments gaining the highest satisfaction scores and backpackers the lowest. The overall average satisfaction rating was 7.8 out of 10 (Figure 17).

Figure 17: Visitor Satisfaction - Accommodation, Nov05-Sep06⁴

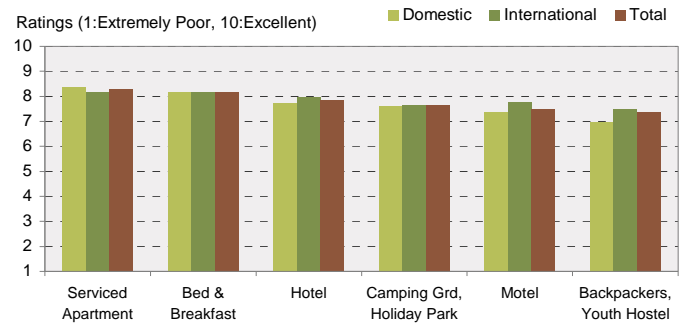


Table 1: Accommodation Trends^{*1}

KEY INDICATORS	2001	2002	2003	2004	2005	2006
Supply (December month)						
Establishments	3,536	3,533	3,487	3,625	3,807	3,852
Ave. Daily Capacity ⁽¹⁾	121,447	123,011	123,219	127,565	133,328	135,720
Ave. Capacity/Est. ⁽²⁾	34.3	34.8	35.3	35.2	35.0	35.2
Employees (in February)	27,140	27,190	29,970	30,060	32,900	32,450
Demand (annual)						
Guest Nights (000)	27,149	28,919	29,577	30,949	31,511	31,705
Occupancy (%) ⁽³⁾	34.5	36.4	37.3	37.8	37.1	37.0
Ave. nights stayed	1.88	1.91	1.89	1.87	1.86	1.86

(1) Total stay units or rooms available for booking (2) Average stay units or rooms per est.

(3) Proportion of available capacity used

Table 2: Accommodation Statistics by Regional Tourism Organisation 2006^{*1}

Top 15 RTOs (by guest nights)	Establishments ⁽³⁾	Average Stay Units Per Est.	Average Daily Capacity	Guest Nights (000)	Occupancy Rate %	Average Nights Stayed
Total NZ	3,852	35	135,720	31,705	37	1.86
Auckland	375	49	18,434	5,247	51	1.96
Canterbury	474	33	15,812	4,218	41	1.79
Qtn/Wnk/C.Otg ⁽¹⁾	260	46	12,035	3,151	41	2.21
Rotorua	151	39	5,935	1,856	45	1.81
Wellington	83	67	5,540	1,795	63	1.89
Northland	323	32	10,283	1,719	24	2.03
West Coast	189	27	5,117	1,246	37	1.35
Nelson/Tasman	202	33	6,747	1,222	27	2.15
Bay of Plenty	147	41	5,998	1,193	28	2.32
Waikato	163	30	4,847	1,071	35	1.73
Lake Taupo	121	34	4,090	1,048	38	1.73
Hawke's Bay	135	30	4,073	999	37	2.05
Dunedin	133	26	3,449	973	44	1.70
Southland/Fld ⁽²⁾	146	30	4,434	872	32	1.64
Marlborough	131	24	3,130	712	36	1.67

(1) Queenstown/Wanaka/Central Otago

(2) Southland/Fiordland

(3) Establishments that are GST registered with turnover \$30,000+

DATA SOURCES

¹ CAM: Commercial Accommodation Monitor (Statistics NZ)

² IVS: International Visitor Survey (Ministry of Tourism)

³ DTS: Domestic Travel Survey (Ministry of Tourism)

⁴ RVM: Regional Visitor Monitor (Ministry of Tourism)

⁵ BD: Business Demography (Statistics NZ)

IMAGE CREDITS

Wellington Willis St. – Positively Wellington Tourism, www.WellingtonNZ.com

Cardrona Ski Field – www.cardrona.com

Southern Traverse – Michael Jacques, www.karapoti.co.nz

Wai-O-Tapu Champagne Pool – Destination Rotorua, www.rotoruaNZ.com

Lake Taupo Lodge – www.laketaupolodge.co.nz